

Center for Medicaid and State Operations/Survey and Certification Group

Ref: S&C-05-07

DATE: November 12, 2004

TO: State Survey Agency Directors

FROM: Director
Survey and Certification Group

SUBJECT: Home Health Agency (HHA) Drop Sites

Letter Summary

- This memorandum clarifies that the Centers for Medicare and Medicaid Services (CMS) does not regulate or define an HHA “drop site.”
- An HHA “drop site” must comply with any applicable state requirements and must not meet the definition of a branch.

The purpose of this memorandum is to clarify our policy on the locations or sites from which a Medicare approved HHA may provide services.

Background

The home health regulations at 42 C.F.R. Part 484 permit an HHA to provide services from other locations, namely a branch or a subunit. Branches and subunits are defined at 42 C.F.R. §484.2.

The **branch office** is a location or site from which an HHA provides services within a portion of the total geographic area served by the parent agency. The branch office is part of the HHA and must be located sufficiently close to share administration, supervision, and services in a manner that renders it unnecessary for the branch independently to meet the conditions of participation (CoPs) as an HHA. If an HHA proposes to provide services from a location that meets the definition of a branch, it must first receive approval from the CMS regional office (RO). See section 2182.4B of the State Operations Manual for further discussion of the factors that the state survey agency and the CMS RO consider in reviewing an HHA’s request for branch approval.

The HHA **subunit** is a semi-autonomous organization that serves patients in a geographic area different from that of the parent agency; and independently meets the HHA CoPs because it is too far to share administration, supervision, and services on a daily basis.

Discussion

The home health industry has asked CMS to respond to questions on additional sites that some HHAs use in the performance of daily business. These sites are interchangeably referred to by HHAs as drop sites, workstations, way stations, convenience sites, or satellites and are used for a variety of functions by the HHA. Although there is no federal definition of a drop site, **some states** define and regulate them under state law. CMS, however, does not define these locations in regulation or in survey and certification policy.

Decision

An HHA may choose to operate a drop site if permitted to do so by state and local law and if the location does not meet the Medicare definition of a branch. HHAs that allow these locations to cross the line from drop site to branch are out of compliance with the Medicare requirements. The HHA should not assign staff to these locations, accept referrals at these locations, advertise them as a part of the HHA, or operate them in any other way as branches of the HHA. HHAs that are unsure if the location meets the definition of a branch may seek advice from the state survey agency. If the location **does** meet the definition of a branch, it must request CMS approval before providing services from this location. The HHA's policies on drop sites should reflect current Federal and state requirements, including compliance with the Health Insurance Portability and Accountability Act of 1996 privacy requirements. While these sites would not be subject to routine surveys, they may be subject to state or RO inspection at any time. Any violation would be addressed by the state survey agency and referred to the CMS RO for any necessary program integrity investigation and follow up.

For questions on this memo, please contact Mavis Connolly at (410) 786-6707 or e-mail at mconnolly@cms.hhs.gov.

Effective Date: Immediately. The state agency should disseminate this information within 30 days of the date of this memorandum.

Training: The information contained in this announcement should be shared with all survey and certification staff, their managers, the state/RO training coordinator, and all HHAs.

/s/

Thomas E. Hamilton

cc: Survey and Certification Regional Office Management